

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 5264**

with committee amendments

# STATE OF NEW JERSEY

DATED: MAY 15, 2025

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 5264.

As amended and reported, this bill expedites the review and approval of projects to install most types of residential solar energy systems. The bill intends to accomplish this objective by requiring the Commissioner of Community Affairs (commissioner) to establish and administer the State Smart Solar Permitting Platform (State platform) within one year of the bill's enactment. Establishment of the State platform is intended to enhance the ability of a local enforcing agency to review and release permits and permit revisions instantly for: residential solar energy systems, residential energy storage systems, main electric panel upgrades, and main electric panel derates.

The State platform is to automatically perform plan review of applications to construct a residential solar energy system, and instantly release permits or permit revisions to construct code-compliant residential solar energy systems.

The bill requires the State platform to:

- perform robust code compliance checks to evaluate proposed residential solar energy systems to determine whether they comply with the requirements of the State Uniform Construction Code;
- produce construction documents to be used for inspection and recordkeeping purposes under the code;
- instantly release a permit or permit revision to construct a residential solar energy system that complies with the code;
- be designed to process 75 percent of residential solar energy system permit applications submitted that meet certain conditions;
- be available for applicants to use 24 hours a day, except when the State platform is down for an upgrade or maintenance;
- be provided to the department at no-cost or low-cost if provided by a third party;
- allow the use of electronic signatures on all applications and submitted materials necessary for issuance of a permit
- provide customer service for navigating the State platform; and

- be able to process permit applications for residential solar energy systems and associated equipment, as specified in the bill.

The bill directs the commissioner to fully implement the State platform and provide for its use within one year after the bill is enacted.

The bill requires each local enforcing agency to either allow for the submission of applications to construct a residential solar energy system through the State platform or through an alternative automated solar permitting platform that satisfies the requirements set forth in the bill for the State platform. If a local enforcing agency opts to implement an alternative automated solar permitting platform, the bill requires the local enforcing agency to enable access to the alternative automated solar permitting platform within 18 months of the bill's effective date.

The bill requires a local enforcing agency that allows for the submission of residential solar energy system applications through the State platform to revise its permitting fee schedule to reflect the reduction in reduction in expenses, and maintain this revision in future fee schedules.

The bill requires each local enforcing agency that chooses to provide an alternative platform to the State Smart Solar Permitting Platform to submit a compliance report to the Department of Community Affairs (DCA) within 60 days of implementation of the alternative platform. The bill requires a local compliance report to include: the date of compliance, the software used for compliance, and documentation showing that the alternative platform satisfies the requirements set forth in the bill in an equivalent manner as the State platform.

The bill provides that if the DCA determines that documentation submitted with a local compliance report is insufficient to verify that the alternative platform satisfies the bill's requirements, the bill requires the local enforcing agency to provide the DCA with access to the alternative platform.

The bill also requires a local enforcing agency that implements an alternative platform to submit an annual report to the DCA that complies with departmental guidelines and provides the following statutorily required information:

- the number of permits released by the enforcing agency for residential solar energy systems through the alternative automated solar permitting platform and relevant characteristics of those systems;
- the number of permits released by the enforcing agency for residential solar energy systems through means other than the alternative automated solar permitting platform and relevant characteristics of those systems; and

- documentation showing that the alternative platform satisfies the other requirements set forth in the bill.

The bill empowers DCA to condition or deny direct funding to a local unit from any program it administers if DCA determines that the local unit's enforcing agency is not in compliance with the bill's requirements, such as by failing to allow for the submission of applications to construct a residential solar energy system through either the State Smart Solar Permitting Platform or through an alternative automated solar permitting platform.

The bill requires DCA to waive requirements related to signatures, stamps, seals, certifications, or notarization imposed by statute, ordinance or rules of the department, or another department or agency, in order for the State platform to accept and release a permit application.

The bill directs DCA to provide training opportunities concerning the use of the State platform for employees of local enforcing agencies and authorizes the DCA to charge solar permit surcharge fees. Monies collected by a local enforcing agency through solar permit surcharge fees are to be remitted to the DCA to defray the cost of developing and administering the State platform.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to:

- remove an express requirement that an application submitted pursuant to the bill include applications to construct residential solar storage systems, upgrade main electric panels, and derate main breakers;
- remove an express requirement for certain compliance checks to be provided by a qualified contractor or subcontractor with an electrical contractor's license, or a contractor's or subcontractor's representative;
- require an enforcing agency that allows for the submission of residential solar energy system applications through the State platform to revise its permitting fee schedule to reflect the reduction in reduction in expenses, and maintain this revision in future fee schedules;
- require the State platform to be designed to process 75 percent of residential rooftop solar energy systems that, among other features, provide electrical power to detached one- and two-family dwellings;
- require the State platform to provide customer service for its navigation, and have the capability to process applications for residential solar energy systems and associated equipment as specified in the bill;
- remove certain penalty provisions from applying to local enforcing agencies;

- require DCA to waive requirements related to signatures, stamps, seals, certifications, or notarization imposed by statute, ordinance or rules of the department, or another department or agency, in order for the State platform to accept and release a permit application; and
- makes technical changes.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) determines that the bill would result in an indeterminate increase in one-time information technology costs for the Department of Community Affairs to develop and make available, within one year of the bill's effective date, the State Smart Solar Permitting Platform. The platform is to be an Internet-based, automated permit approval system for the construction of residential solar energy systems. The platform is to be accessible by the department, local code enforcing agencies, and contractors and available 24-hours a day, seven days a week. The magnitude of the cost increase would depend on several unknown factors, including the system's full functionality and whether it would be developed in house or by an outside developer, which precludes the OLS from estimating the State cost increase. Ongoing costs to the State would result from system maintenance, training of local enforcing agencies on the use of the platform, and oversight of those local governments that elect to develop their own similar online permitting platform.

The OLS finds that the bill would result in an indeterminate increase in State revenue as a result of the solar permit surcharge fees that would be collected by a local enforcement agency and remitted to the department to defray the cost of developing and administering the platform.

The OLS further finds that the bill would result in an indeterminate increase in local expenditures for a municipality that elects to develop its own alternative automated solar permitting platform. A local government opting to develop its own system that is found not to comply with the provisions of the bill could have funding withheld by the department, resulting in a revenue loss. Moreover, a local government that develops its own online permitting platform is required to revise its permitting fee schedule to reduce the fee for a solar permit to reflect the reduction in resources expended to evaluate applications through the State Smart Solar Permitting Platform. The amount of the permit fee currently charged by each local enforcing agency and the reduction that each would enact are unknown.